

**OPERATING BUDGET
JOINT COMMITTEE HEARINGS
ENVIRONMENT, LAND ACQUISITION and PLANNING
PARKS
AND
ECONOMIC DEVELOPMENT and ENERGY**

Minutes

The joint Operating Budget Committee Hearing of the Environment, Land Acquisition and Planning, Parks and Economic Development and Energy Committees was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Smithtown, New York, on Friday, **October 24, 2002**.

MEMBERS PRESENT:

Legislator Michael Caracciolo - Acting Chairman of Environment
Legislator Jon Cooper - Chairman of Economic Development and Energy
Legislator Ginny Fields - Chairperson of Parks
Legislator David Bishop - Chairman of Environment

ALSO IN ATTENDANCE:

Tom Isles - Director of Planning
Christine Costigan - Director of Real Estate
Judith McEvoy - Director of Economic Development
Carolyn Fahey - Economic Development
Judith Gordon - Commissioner of Parks
Tom Williams - Cornell Cooperative Extension
Dale Moyer - Cornell Cooperative Extension
Joe Gergela - Long Island Farm Bureau
Wallace Broege - Suffolk County Historical Society

MINUTES TAKEN BY:

Donna Catalano - Court Stenographer

(*THE MEETING WAS CALLED TO ORDER AT 9:35 A.M.*)

SALUTATION

CHAIRMAN CARACCILOLO:

Thank you. Okay. We are going to begin the joint Environment, Parks

and Economic Development Committee Operating Budget Meeting. Present are Legislator Cooper and Legislator Caracciolo. And as soon as I am completed with the ELAP portion of the meeting, I will turn over the chair to Legislator Cooper. We have several speakers here this morning. Wallace Broege.

MR. BROEGE:

Good morning. My name is Wallace Broege, Director of Suffolk County Historical Society, and I am here to discuss the 2004 budget and to request your support. The County Executive's recommended budget for the Suffolk Historical Society increases funding by 2% for the adopted budget, which was about \$10,000, which we are very grateful for. That still leaves us \$44,360 below 2002 and we face a shortfall of \$31,935 and the removal of the position of curator and cutting discretionary expenses out of this year's budget, a shortfall of \$32,000 for next year.

I don't think that -- let me tell you what the impact of that is going to be on the Historical Society if we're not able to get an increase in funding for 2004. We will freezing salaries for the fourth year in a row, we'll be eliminating six part time people. Six jobs will be lost in order to balance that \$32,000 deficit. I don't think there is a job within that group that pays more than \$10 an hour, and all those staff members less than 20 hours a week. They are all people that care deeply about what they do, they work very hard at their jobs, and they are committed to the purposes of the historical society. This will be the third year in a row that we have lost staff.

The really unfortunate part of this is three of those staff members work with within our education department. This is one of the largest public programs. It means that we will loss about 2500 school visits, students, during the 2003-2004 calendar year -- or school year rather. There will also be a loss of income as a result of that. So six positions will be lost that will set that program back probably a decade and will be very difficult to build up again.

I'd just like to clarify something in the Budget Review Office's description of our program, which by the way, the Budget Review Office always does a very fair -- fair review of our programs. In that review it states that we received what we requested from the County Executive, and that's true. I'd like to explain which. We needed an increase for 2004, but before we go into the budget process in -- in April and May each year for the following year, we are given instructions. And basically we were told to submit a budget that called for a cost to continue. There was a no interest in an increase and perhaps even a decrease. Now, I could have asked for a \$50,000 increase, all that would have done is mucked up the issue and aggravated them. So I did not do that. Nevertheless, that doesn't mean that we don't need additional support. So I wouldn't want you to think this was an after thought, that, you know, I got what I wanted

out of the Budget Office and the County Executive Branch and now I've changed by mind and I need an increase.

We're very appreciative of the support of the Legislature and the Executive Branch. The Legislature in particular has added money to our budget before and made some wonderful programs and advances for the historical society possible, and I appreciate that.

So let me get right down to business, what I would like you to do for me. Funding for the historical society has always been a good investment, I think. For a relatively small amount of money, some very good programs have been returned that benefit the current residents of the County and future residents of the County. What I would really like to do would be to have you restore our budget to the 2002 level. That would mean almost a \$45,000 increase. I realize that I may be ask asking for too much in asking you to do that. But I would like to have our budget increased by \$32,000 to help me cover that deficit so I don't lose the six part time staff members. There aren't going to be any raises, there aren't going to be any new positions added, all of our programs will be kept and our services will be kept at their current level, but at least well be able to maintain the current staff. Thank you very much. I appreciate your attention. If you have any questions either now or in the future, I'd be happy to answer them.

CHAIRMAN CARACCILO:

Wally, I'd just would like to make the record complete. You and I over the past decade have worked very closely in providing the program funding for the historical society, but break it down for the Legislators present as to where your funding comes from and what efforts you have independent of the County to raise funds.

MR. BROEGE:

Okay. Well, our funding -- the two primary sources of our funding -- or three primary sources of funding for the historical society's program have traditionally been the endowment, which is a relatively small amount, membership dues, funding from the County, we've been an authorized agency since 1969, then a variety of smaller sources, such as gift shop proceeds, donations, funds raising activities and grants. We did very well with grant by the way, in 2000-2003 -- 2002 and 2003. Unfortunately, those were all for projects and not for general operating support. So they were used for exhibitions. We do have a \$15,000 annual general operating support grant. Unfortunately, the operating support grant and most of our traditional sources have decreased.

I think one of the most interesting and possibly the most effective ways that we are going to be able to increase our fund raising has been the formation of long range planning committee. We're taking a hard look at the composition of our Board of Directors, and we're asking for support from the New York State Society of Museums. A consultant through a small grant will help advise our board about board development. Traditionally, the historical society has not had a strong fund raising board. We have reorganized our board, and we're looking to be able to do more. There are a lot of small -- I think we've raised all the fees for things that are going on at the

3

historical society, including school visits, we're going ready to run a raffle for a donated Christmas tree and things like that. So there are lots of smaller sources. Unfortunately, most of them are not producing the money they used to. So the deficit we're facing is not entirely the fault of a county reduction, it was kind of in a double whammy this year.

CHAIRMAN CARACCILOLO:

I understand that. And I think some parallel, although not very identical one with the Vanderbilt Museum and a lot of challenges they face with their endowment, although they have a much larger one. But like all entities public and private that have experienced the decline on Wall Street, you are faced with the same problem with your endowment -- you know investment returns. What is the value of the endowment today?

MR. BROEGE:

The value of the endowment right now is at about \$445,000. That's \$55,000 lower or less than the opening balance. We've stop taking money out of it. During the -- let me just explain -- during the 1990's when the economy was very strong and we didn't have support from other sources to keep our programs going, we got into a situation where we were removing just about everything that that endowment generated. Never with the idea of going below the opening balance. Well, all of a sudden, the bottom dropped out of the stock mark, a lot of other things happened, and bingo, down went the value of the endowment. So we reinvested it, we've gone with new counselors, we're trying to build it back up, although I do have a modest amount in our 2004 budget that we'll begin to withdraw some of the accumulative interests, interests dividend and capital appreciation, which actually we should be trying to leave in the endowment. We balanced the budget this year by using three bequests that totaled about \$35,000 that I really would have liked to have put in that endowment, but it's to justify banking the money when you are cutting programs too.

CHAIRMAN CARACCILOLO:

Thank you, Wally.

MR. BROEGE:

You're welcome. I brought along some literature. I'm going to leave it up here. The one thing I would draw your attention to is the little pink folder that I put on the outside. If you read anything, look at that, there is an explanation of our budget. But these are our educational programs and these are the programs that are going to be cut if I can't find the additional funding. Thank you.

CHAIRMAN CARACCILO:

Thank you, Wally. Tom Williams. Tom Isles, I'm not calling you up, but I think you have something for me, and I have to leave in 15 minutes. So just make sure you catch me before I leave.

DIRECTOR ISLES:

Sure.

CHAIRMAN CARACCILO:

Good morning, Tom. Actually I'm going to make this a duet. Mr.

4

Gergela, come up and join Tom. Sit down here at the table, and actually Dale Moyer as well, because I believe you are all speaking to an identical issue.

MR. WILLIAMS:

Legislator Caracciolo, thank you very much, Legislator Cooper and Nowick. I'm Tom Williams the Director of Cornell Cooperative Extension, and we had a couple of items that we felt we would ask of the -- I guess through the ELAP Budget Committee. Two things. One is that the Office of Legislative Budget Review had -- or the County Executive had submitted a budget that included \$450,000 through the 477 Water Quality Protection Funds, which includes our IBM Program, which has been funded for several years and then two new additional programs that have been reviewed by the Quarter Percent Water Quality Committee and approved by that committee. One of those programs was the Agricultural stewardship Program that is working to develop AEM, Agricultural Environmental Management Program for farmers on the East End and throughout Suffolk. And the other is the Alternative to Pesticide Entomology Program.

So the Office of Budget Review decided to recommend them being eliminated because they didn't have sufficient information. We have spoken with the Office of Budget Review, and I think we have given them all the information, the supporting information that they requested. I think they are reviewing that and they are, I believe, supportive of it at this point. But those programs are important to

us in the -- both in the agricultural industry and also they've been well sported by the Peconic Estuary Reserve Committee meeting talking about nitrogen reduction into the Peconic Bay and to the watershed area.

The second thing we would like to ask is if we can get a restoration of the \$120,000 that was restored this summer to our programs, which is core funding, which would enable us to fill very key positions where we promoted in-house staff to the head of Family and Consumer Program, that's Tim {John} who Sally {Folkes} position, leaving his Parent Education, his Human Development position vacant and Dale Moyer who moved up into Bill Sanok's position leaving his potato and vegetable specialist position vacant. So if we could get that restoration of our core program, we would be able to fill those two very key positions. So if I can turn it over to Joe.

CHAIRMAN CARACCILOLO:

Okay. Before we do, Budget Review, Jim Spero, just before the meeting began, I discussed this briefly with Jim, I'd like him to provide the committee with just a brief summary of the BRO review of Cornell and their recommendations and then we will continue.

MR. SPERO:

Okay. Well in our -- I'm just going through our review again, we had stated that the 120 was included for the programs -- the Family and Consumer Science Programs.

MR. WILLIAMS:

We don't believe they were.

5

MR. SPERO:

The budget for the CCE is a lump sum budget, so we tried to break it down to various --

CHAIRMAN CARACCILOLO:

So within the 5% increase for Cornell, it's the Budget Review's position that there's funding available for Consume and Family Sciences.

MR. MUNCEY:

In the Executive's narrative, he indicates that he's provided the funds for the continuation of that 120,000.

CHAIRMAN CARACCILOLO:

Ken Knappe, come up and maybe you can clarify this.

MR. KNAPPE:

Good morning. Cornell Cooperative Extension, the County Executive's recommended budget is a 5% increases over what the 2003 adopted was. I think the point that Tom Williams might have been making is that the recommendation did not include the 120,000, which was a Legislative add on during this year sponsored by -- sponsored by yourself. It's been a continuous practice of the County Executive not to support budget amendments proposed by the Legislature, and we were consistent with that policy.

CHAIRMAN CARACCILOLO:

Okay. Thank you. Mr. Gergela.

MR. GERGELA:

Thank you. Good morning, everybody. Basically that the -- I'm here to support Cornell Extension's budget, obviously, for many reasons. Suffolk County has invested many many millions in farmland preservation to support not only land preservation but the business of farming. As we are dealing with these environmental issues, water quality, long term water quality, water quality of the Peconics. This essential funding if we are going to be successful in having programs that help the farmers deal with environmental stewardship.

So that's the reason I am here, to let you know that this is extremely critical that these -- both the water quality part that Tom addressed, also the Consumer Science position, because that will free up some funding to fill the vacant vegetable-potato specialist position, which is essential. We have 15,000 acres in vegetable and potato production in Suffolk County, and we need to have that position filled. So we are here to lends support, and hopefully you guys will take care of it for us. That's all really why I'm here. Thank you.

CHAIRMAN CARACCILOLO:

Thank you, Joe. Mister -- Dale.

MR. MOYER:

Yeah. I just wanted to reinforce what Tom Williams said. I'm Dale Moyer, the Program Director for the Ag Program. We have developed programs to address the agricultural environmental issues. But to implement those, we do need the funding for the agricultural

stewardship and also for the Alternative Pest Management Program. And if we can get those dollars, then we can implement the programs that we've developed and also continue to develop new programs looking at alternatives to pesticides and organic approached to agricultural production.

CHAIRMAN CARACCILOLO:

Okay. Tom Williams, I guess I'd really like to summarize this whole request in the context of the budget that the County Executive has recommended. There is a net increase of 5%. Within that additional funding, which now will total \$2.798 million. Where would this -- why, I guess, would this additional \$120,000 be needed?

MR. WILLIAMS:

It would be to fill the vacant potato-vegetable specialist position and the human development position that were vacated by the promotion of Dale Moyer and Tim {John} to those two slots.

CHAIRMAN CARACCILOLO:

I look at the numbers. This year we appropriated -- or the County Executive Budget had to 2.652 million, what was added to that by the Legislature?

MR. WILLIAMS:

You added 120,000 -- well, in the 2002 recommended for three budget recommendation, the entire Family and Consumer Sciences Program was eliminated.

CHAIRMAN CARACCILOLO:

Right, and we restored it. So my question really is in '03, what was the actual adopted for Cornell? If you don't have that, Budget Review should have that.

MR. WILLIAMS:

The actual 2003 approved budget was two -- two million two sixty-five, I think.

CHAIRMAN CARACCILOLO:

Is that correct; Jim?

MR. SPERO:

Yes, that's 2,653,000.

CHAIRMAN CARACCILOLO:

Okay. That's what I thought. All right. So we have a 5% increase, which bring it up to -- the County Executive has recommended 5%, that would bring it up to \$2.785 million; correct, Jim?

MR. SPERO:

That's correct.

CHAIRMAN CARACCILOLO:

Okay. So I guess the question is why do you need the \$120,000.

MR. WILLIAMS:

Well, because we still -- we had the Marine Program was cut as you

know in 2002.

CHAIRMAN CARACCILO:
That was restored.

MR. WILLIAMS:

But in the restoration in the summer, the 120, it only partially restored Family and Consumer Sciences. The position for Sally {Folkes} was really not -- that was a high level position, and we were able to promote Tim, but not to that full place. We weren't able to replace his position, and there were a couple of other positions in there that were not. So it restored the programs so we can continue it, but it wasn't fully refunded.

CHAIRMAN CARACCILO:

Let me recommend, because we only have the members of these committees present, that you in a memorandum get some correspondence out to every member of the Legislature. We don't have a lot of time. Budget amendment deadline is Monday, correct, Jim?

MR. SPERO:

Five o'clock, Monday.

CHAIRMAN CARACCILO:

Five o'clock, Monday. So I would do that today and then either later today or Monday -- I know you and I had a meeting Monday morning, that's going to have to be rescheduled because of the something that's come up. But I certainly would like to as most of the members around the horseshoe right now assist Cornell in this request, but we have to do it in the context of a budget that's very tight, and I don't think wiggle room or desire on the part of Legislators to increase the budget net cost. So with that as a back drop, if you get that memorandum out explaining to everybody why you need this particular funding, we will take it from there.

MR. WILLIAMS:

Okay. You want that also to address the 477 Funds.

CHAIRMAN CARACCILO:
Yes. Yes.

MR. WILLIAMS:

Okay.

CHAIRMAN CARACCILO:

Legislator Dave Bishop, Chairman of the Committee has arrived.

LEG. BISHOP:

You can continue. I have to go to court.

CHAIRMAN CARACCILOLO:

You don't mind? All right. Mr. Isles is next. Thank you, gentlemen. Is there anyone else that wanted to address the Environment, Land Acquisition, Planning Committee of the Legislature, besides Mr. Isles? Because after Mr. Isles, I will turn the baton, if you will, over to Legislator Cooper. Good morning, Tom.

8

DIRECTOR ISLES:

Good morning.

CHAIRMAN CARACCILOLO:

Good morning, Christine.

DIRECTOR ISLES:

I think we'll be relatively brief. Just a couple of points we'd like to raise regarding the comments of the Budget Review Office. I would like to begin by thanking the Legislature for their support of the Planning Department this past year. The Planning Department I think has had a successful year in many regards including two awards, one from the American Planning Association, one from the Governor's office on quality communities award.

CHAIRMAN CARACCILOLO:

Stop, I want to congratulate you. I think we all do.

DIRECTOR ISLES:

Thank you. But that's due to the support we receive both from the Executive and Legislative Branch, and we appreciate that. More specifically, to the Budget Review Office's comments, we have submitted a budget that totals for both the Planning Department, which includes Division of Real Estate, 81 positions, a budget of about \$5.3 million for the year. Generally speaking, the comments of the Budget Review Office are acceptable to us, they've made some good points. We have two specific comments, however, we'd like to bring to your attention.

First, the revenue estimates for 2003 have been proposed to be increased by \$2 million. This was based on conversations with BRO, with the Department of Planning and Real Estate. We would only like to note that that number at this points appears we'll end up at \$8.2 in revenue versus nine million. We had originally projected seven million. So the point being that early this year when the budget was being worked on at the rate of revenues we were receiving, we had hoped to get \$2 million more than what we anticipated last year. At

this point it looks like we're going to coming in at about \$1.2 million. Obviously, we're going to take whatever we can get. And obviously what we get would then reflect that number. So basically we just want to give you an advisory that it may be less than the two million at this point. Those are revenues, of course, that are from the Real Estate Division's sale of surplus properties and so forth. Real Estate is a revenue center in the County brining in more money than it spends.

The second comment is the County Executive in his budget has put in for the restoration of a position in the Department of Planning for the Deputy Director. The Department of Planning had had a Deputy Director for I think since its inception about 40 years ago. The former Deputy Director retired with the early retirement program last year. The position has been vacant, and so I had put in for a replacement of the position and the County Executive concurred with that. The suggestion in Budget Review is to abolish the position, I think basically on a numbers issue in terms of a question in terms of whether or not there would be adequate savings to cover this cost. We

have had discussions with the County Executive's Budget Office and we believe there is sufficient funds to budget for this position, and we think that that could be worked out.

I do want to make the point that I think it is very important. I think it's something that had been a handicap to the department to not have that position filled. And I think as we go forward with the many programs that are expected of us in terms of affordable housing, smart growth, the operation of the Planning Commission, the Open Space Protection Program, the Farmland Administration Program and so forth. There are so many things that we need to do, that we're expected to do and we're pleased to do, and I think this position is one important part of that. So we would just ask for your consideration on that to try to make that position available to us if possible. Thank you very much.

DIRECTOR COSTIGAN:

Vis a vis, Real Estate, to clarify the -- our comments on the Budget Review's comments. Budget Review commented on two aspects of our revenues, one which Tom eluded to which is our 2003 revenues where they recommended an increase of two million and we're saying we can do and increase of 1.2 million.

There's a second prong to the revenues, though, which is the 2004 recommended revenues. They recommend an increase of one million, that's fine, we will meet that. The other comments was in regard to the auctioned parcels. The table is included in the comments from

Budget Review, which reports a total of 5r parcels outstanding. I can update that at this time, there are only 18 parcels outstanding that have not closed. Three of them are in litigation, so they can't close until the litigation is resolved. And indeed, there are no parcels -- there's only one parcel that's more than two years old, and that will be closing, it's just timing out because of a tile problem. So they are very much up-to-date in terms of closing the auctioned parcels since the chart that you see in the comments.

CHAIRMAN CARACCILOLO:

One of the perennial issues with regard to the Real Estate Department has been staffing. Legislator Bishop and I recently had the opportunity as a result of a media inquiry to comments on this, and both of us have said repeatedly, and Mr. Isles, you and I have had this conversation ad nauseam, that this is the opportunity today when we are looking at next year's budget to come here and tell us what you need above and beyond what the Executive Branch was comfortable funding for your departments next year. So this is your last shot.

DIRECTOR COSTIGAN:

In one respect, the comments -- we try to imagine that. And we have had increasing duties imposed on us during the year, and we know there will be more because there are pending resolutions to appraise the park properties with the money the Budget Review suggests including in our budget. We will now have 40 appraisals to do, to review, to manage. The reverter inspections are going to happen. I mean, it's the right thing to happen. That legislation is rolling along, and there will be all those reverters to inspect. The environmental work in terms of brown fields is clearly going to burgeon in the next year

10

or two. I mean, I'm immediately planning to auction brown fields parcels, and indeed the auction work will start to grow. It's been on hold because of the situation with litigation.

It's very difficult to imagine how -- what that will entail in terms of staffing, because of the flux and flow of the economy. For instance, redemptions are -- redemptions are increased, demolitions are increased, acquisitions are slightly down because people down want to sell, they want to redeem. So the -- I'm reassigning staffing. So we are hopeful that we can actually manage the tasks that I've just told you with the exiting staffing. We may, for instance, do these reverter inspections, I'll probably be begging a car to send people out to inspect. But otherwise, we have no immediate -- that I can fully defend a full time position for the division.

CHAIRMAN CARACCILOLO:

We do have however in the budget a new position, farmland

administrator, right, Tom? You and I have talked about this for the last two years, and finally we are going to have. So just elaborate what your view is of that position.

DIRECTOR ISLES:

Okay. We do have that in the budget. The County Executive did include it, and Budget Review Office has concurred with that. They raised some issues in terms of the dollars, but here again, we are discussing that with the Budget Office. But that position is intended to be a single source of responsibility of one person that would have complete responsibility for the Farmland Program, which includes obviously the oversight of the acquisitions obviously with Planning and Real estate, but interview also the administration of other farm programs, including our grant programs at the federal and state level, including the Agricultural Districts Program that we operate.

So all the aspects of farmland administration, which is important in this County. And obviously we have been doing those thing and different staff people and so forth. But it elevates it to a higher level. It assigns complete responsibility to that person within the Department of Planning. So I think it is important. I appreciate the support of the Budget Review Office on the position itself. That's a significant staff enhancement. Keep in mind, the budget we prepare is prepared, I think, in April. And so it's an anticipation in April what we think we're going to be doing in 2004. So as Christine has indicated, there are fluctuations and cycles in the real estate economy that affect the level of the amount of work we get. So we do shift staff around as need be. It's also subject to priorities of both the Executive and Legislative Branches, which also changes from time to time.

CHAIRMAN CARACCILOLO:

Given the current real estate market where we've seen a precipitous increase in real estate values over the last three years, double digit almost every year, at some point that's going to level off.

Hopefully, we won't have a bubble. But farmland -- look at the universe of the Land Acquisition Program, it's clearly the one staple that we will always have an opportunity to go out an purchase, especially if there is a drop in the real estate market, farmers will

be more likely to come to the table. So is this one position sufficient to meet that anticipated demand? And also, in terms of funds balances, do we have sufficient fund balances in all of our environmental programs going forward? I know the last report you gave was that we would probably expend about \$30 million this year in land acquisitions, but going forward, what are we looking at as far as funds balances, because that's another aspect of this budget that we

have to address now?

DIRECTOR ISLES:

Well, most of that would coming from the Quarter Percent Program, which has a steady funding stream or from the Capital Program for the multifaceted does provide funding -- we can permissible apply for farm funding there. In terms of funds balances, I don't have that in front of me at this time. The programs are funded, which included both the Capital Program, the Greenways Program and the Quarter Percent Program. We've been doing very well I think lately in terms of farmland acquisitions, in terms of the Real Estate Division has a number that are now in contract or soon to be in contractor. So i'm very encouraged by that. We're also doing our reverse auction or Dutch auction, and hope to get a strong response with that. We have been given authority by virtue of an application authorized by the Legislature to borrow up to \$21 million against the Quarter Percent monies. So we do have that available as well next year. Actually, it's available now if we need to. I can certainly provide more complete accounting of the balances if you would like.

CHAIRMAN CARACCILOLO:

I would appreciate that. An EFC is the component -- the entity rather that we're using to finance the bonds that? Is that going through the EFC?

DIRECTOR ISLES:

Yes, it is.

CHAIRMAN CARACCILOLO:

At zero interest?

DIRECTOR ISLES:

Zero interest for the basically year and then I think right now it's roughly a 2% interest after that. It fluctuates with the market, but it's approximately half of the prevailing municipal bond rate.

CHAIRMAN CARACCILOLO:

Thank you. Are there any questions?

DIRECTOR COSTIGAN:

I would just add, Mr. Caracciolo, that to the extend -- and we have been very grateful for your concern about our staffing, that one of the things that will help us move along will be the other piece of resolution that is in the hopper, which is expanding the appraiser list, that if we have more appraisers, things will move more swiftly too. We don't need more people to review them, we need the appraisals to move more quickly.

CHAIRMAN CARACCILOLO:

While it's not directly related to budget, since you brought up appraisals, we are going to be using the complete appraisal list on a rotational basis. I mean, there are certain expertise that certain appraisal firms have, i.e., farmland. But with that exception, I mean, the process actually is to rotate or?

DIRECTOR COSTIGAN:

We try to spread the business around as much as we can accommodating the preferences and strengths of the appraisal firms, then we keep a log of how they do so that we, you know, can verify where their expertise is.

CHAIRMAN CARACCILOLO:

And again, not directly related to the Operating Budget, but one candidate for County Executive is out there talking about instead of using the mean of two appraisals when we have, you know, everything other a million has to be two appraisals. He's talking about using the higher of the two. I'm not comfortable with that. Do either one of you care to comment on that? He may be your new boss, so be careful.

DIRECTOR ISLES:

I know. Quite honestly, I do think that at an appropriate time we probably should like at Chapter 7-12.

CHAIRMAN CARACCILOLO:

Hedge, Tom, go ahead. I understand.

DIRECTOR ISLES:

Go over 7-12. And I think that's something that should be on the table for discussion. And I think the proposal is within the range of the appraised values. Everything would still have to be approved by the Legislature any way, at least with the correct procedure. So I think it's ripe for discussion now. We've had now about a year and a half to try 7-12, and I think by and large it's great, it provides checks and balances and process definition for us. But I think there are some things that could use some adjustment now that we have had a chance to try it for a year and a half.

CHAIRMAN CARACCILOLO:

And when might we expect something from you along those lines? Before the 4th of November?

DIRECTOR ISLES:

We're happy to discuss it in any forum you want to set up for that.

CHAIRMAN CARACCILOLO:

Why don't you give me a call Tuesday.

DIRECTOR ISLES:

Okay. Sure. We will be happy to do that.

CHAIRMAN CARACCILOLO:

Thank you, Christine.

13

DIRECTOR ISLES:

Thank you.

CHAIRMAN CARACCILOLO:

It's all yours.

CHAIRMAN COOPER:

Moving right along, I'd like to convene the Economic Development and Energy Committee. Judith McEvoy. Good morning, Judy. I understand you would like to say a few words.

MS. MCEVOY:

We actually are very pleased with the Budget Review Office, their comments. I just want to make a few comments of certain things that were mentioned in there that I think are important for the Legislature to know. I would like to comment on the progress that our department has made on the management of airport leases. One of my priorities when I began the job was to gain control of the status of the leases and the operations at Gabreski Airport. In March of this year, I hired Mr. Neil Tome to be directly responsible for the leases and revenue associated with the airport. In the seven months of his employment, Mr. Tome had as made extraordinary process, and I want to bring you up-to-date on that.

We have a developed software application for billings and receivables. This system creates invoices for tenants and provides for cash application for tenants payments, reduced invoice processing time. It used to take four days to send out the monthly bills. It now takes two hours using Mr. Tome's system. It also tracks break out of payments for rents, late fees, fuel commissions, landing fees and creates a report, which is used to match up with deposit reports, which are submitted to the County Treasurer's Office. This system also tracks leases, lease terms and will alert the staff as to when tenants are due to get their rent increases.

Increased revenues. Mr. Tome has reviewed the leases in place, identifying current tenants who have either never been billed at all or have never been given increases as outlined in their leases, going as far as back as 1998. Review has provided the following to date with further review forthcoming; three tenants who were never billed

for rents were increased totaling approximately \$10,000, he worked with Audit and Control on an ongoing audit of an airport tenant. The preliminary result from Audit and Control indicates that \$90,000 is due to the County. And the final release of the audit results will be in December. Neil has conducted another review of different a tenant who has not been billed previously, approved increases in rent or additional property being utilized. Internal review shows a significant amount is due to the county, and we will be initiating a formal audit request to Audit and Control.

He is currently working on billings to three other tenants who had not been billed for increases in rents as stipulated by their agreements. In the seven months Mr. Tome has been there, the lease management items have identified several tenants who do have not executed leases for property approved by the Airport Lease Screening Committee and several tenants who are utilizing property not covered under approved

14

leases. Appropriate actions will be taken. I want to say that we work very closely with the County Attorney's Office, and I have been very very encouraged this year that we have one County Attorney who has been working with us consistently, and we all on the same page and the same track, and it has been very, very helpful.

CHAIRMAN COOPER:

Judy, if I can interrupt for a second. The percentage of the tenants who either never paid rent that were not billed for the increases, is that the minority of tenants, majority?

MS. MCEVOY:

It's the minority, but it existed.

CHAIRMAN COOPER:

Is it possible, just to satisfy my curiosity, to give a listing of the names of those tenants, a break down as to whether they --

MS. MCEVOY:

We can provide that to you. Mr. Tome's tracking system provides all of that now. So if you want that, we can get that to you.

CHAIRMAN COOPER:

I would, please.

MS. MCEVOY:

We have successfully completed eviction of two tenants who were not paying any rent or related fees. They are working again with the County Attorney, they are gone. In addition, Mr. Tome has developed a new lease applications and a tracking system that will track all

applications from submittal through to Legislative approve to actual lease execution, that also has never been in place.

Now, I want to address the landing fees and the collections procedure. It's been a year of concern processes that I want let you know what we've been doing. Since the Legislature implemented the increase in the land fee and the new security fee, the Department of Economic Development has been in constant communications with the FAA. And in fact, we've turned over those communications to Mr. Muncey. The Budget Review Office has those communications. The January, the FAA responded by saying that they felt the imposition of the \$35 landing fee across the board was unreasonably high for small engine aircraft under 12,000 pounds while other airports have single digit landing fees. For larger aircraft operating under Part 135 as an air taxi or charter, the \$35 fee seemed high among the field. That was in their letter.

The FAA recommended that we prepare a formula based on the aircraft weight and class or a sliding scale fee. We did and submitted the new schedule to them in June of this year. On September 15th, we received from the FAA letter that stated that they appreciated our efforts in establishing a reasonable schedule of fees based upon a sliding scale of aircraft class and weight. They did not, however, agree with the eight seventy-five security fee, and they said that was not reasonable and requested that we reconsider that fee. Budget Review has kept us -- been kept up-to-date on the communications and has as part of their

15

report recommended that a resolution be adopted that repeals all current and past aviation use and fees and establishes new landing and use fee rates, and we agree to start over. We do not want to jeopardize our grant assurances from the FAA. Budget Review has all of the correspondence, and we will work with you and them to kind of start at the -- with the information that we now have if that's okay with you.

The other recommendation was on the County Sheriff portion of it, the expense of using a County Sheriff at the airport. Again, the FAA, they require any that unescorted access to the runways requires a ten year background check, and we actually would work with not having the Sheriff on duty all the time, but would request in the budget that we have one department from the Sheriff's department who oversees the security of the airport. Whether you want to institute a different security formula, that's fine, but we do think that one member of the Sheriff's Department should be in charge of that security. The security since 9/11 is basically required. Other than that, we concur with the recommended recommendations.

CHAIRMAN COOPER:

Judy, do you have any projection at all for the increase, potential increase, in revenues to the County from the rents that are now being collected and the increased rents and the new landing fee schedule?

MS. MCEVOY:

Well, let me just say, with the landing schedule, we are in the process right now of getting the landing counter. That will be very important with those fees, because right now we have somewhat of a disparity view of how many landing and take offs there are from the Air National guard and the tower. We are working with the purchasing department and the information systems to purchase the landing counter. Carolyn, do you have an answer?

MS. FAHEY:

No.

MS. MCEVOY:

That's the best I can give you right now is that the landing counter we hope to be in place very soon, but we will intergrade it. In terms of the leases, I can't -- can Neil give you that?

LEG. CARPENTER:

Good morning, Chairman. Carolyn Fahey with Economic Development. It's impossible right now to project the increase in landing fee revenue without the landing counter. We don't have a mechanism to count it. Lease wise, our lease revenue is declining because we are demolishing the existing buildings in the industrial park. This year alone, we have lost five tenants in asking them to relocate so we can start the industrial park. So we're probably going to be down about 45, \$50,000 in revenue from the loss of those tenants alone. But from Mr. Tome's actions, our revenue has increased in past pavements. So our lease revenue will decline this year, will decline more next year when the rest of the industrial park tenants are vacated. So our lease revenue is going to see an extreme decrease before we then start leasing out the new lands in the industrial park.

16

The industrial park progress is when planning and design of the roads are done. We are waiting for CEQ approval for the construction funding, and the roads should begin the beginning of next summer. Soon after that, we will start having leases for new tenants in the industrial park.

MS. MCEVOY:

Jon, could I also on the "T" hangars? We have applicants come before us for "T" hangar applications. The department has indicated they want to have a systematic development of the airport in conjunction

with DPW in bringing in the electric and the water. And we had suggested possibly doing it in segments. However, there is a caution about clustering tenants, bringing in those utilities or letting tenants bring them in anywhere they want. And ultimately, that will probably come before you this year and that will have a bearing on -- on the lease income too, because right now there is a disparity view of whether we should take charge of bringing in those utilities and maintain the infrastructure or whether we let tenants do what they have to do, and that -- that's not up to us. Okay.

CHAIRMAN COOPER:

Thank you, Judy. Does ant other member of the committee have any questions for Judy? Well, thank you. Would anyone else like to address Economic Development Committee on any issue? Well, thank you very much.

MS. MCEVOY:

Thank you for your time. Thank you very much.

CHAIRMAN COOPER:

Take care now. We will now close Economic Development and turn things over to the Chairperson of the Parks Committee.

CHAIRPERSON FIELDS:

Thank you. Good morning. Commissioner, come on up.

COMMISSIONER GORDON:

I will like to echo some of the comments made earlier this morning. I'd like to start out by thanking the Legislature as well as this committee for the support that you provide the Parks Department or have provided the Parks Department over the last year. We're deeply appreciative of that. I think you have a very good understanding of the issues that we face, the problems that we have as well as the various uses that happen in the Parks Department.

I also would like to comment when we were given the direction to prepare the budget for 2004, the economic climate was perhaps somewhat bleaker for 2004 than it is today, so I tried to live within the restrictions that we were given. It was -- as also was stated earlier to live with what we have. We had to come up with two scenarios, to live with what we had and also to come up with a 10% reduction scenario. So we really didn't -- we didn't necessarily ask for too much more. I'd like to make a couple of comments regarding the budget that was recommended, the budget that did come out of the Budget Office. One of the areas that I am particularly concerned about is

the in our regular -- within the Parks Department, we have our -- what

we call our so-called fund one and then we have two other additional funds, the 477 Water Quality Program whereby we are operating our organic maintenance program on the golf courses, then we have another additional fund, the hotel-motel fund.

But in -- particularly with the organic maintenance, the water quality program funding, that is specifically for organic maintenance. And as you may be aware, particularly with the golf courses, there are still on occasion times that we need to use insecticides to deal with diseases. And there are some diseases that can hit golf course greens where it's very possibly that you could loss all of your greens on the golf course literally overnight with some of the diseases that we need to keep track of. We are absolutely prohibited from purchasing insecticides out of that water quality funding. So what we do is insecticides are purchased out of regular fund one, specifically 7110-3220. And we had requested \$25,000 in insecticides, and that money was -- that level of spending was reduced by the Budget Office to 5000.

LEG. NOWICK:

I'm sorry. I just -- how much did you request.

COMMISSIONER GORDON:

We requested 25,000 and it was reduced by 5000, thereby losing 20,000. It's critical that we have that available spending in the budget next year or we could face serious issues on the golf course. And I don't think I need to remind you that the golf courses are also a large revenue stream for us, they are actually our cash cow. We take in close to \$3 million a year in revenue on the golf courses. That's one issue that I would like to point out.

Regarding comments that were made by the Budget Review Office, we worked very closely with the Budget Review Office also over the course of the year, and we appreciate their input and their support of the department as well. Regarding the audit, I was hopeful that the audit might have been completed or would be near completion by this point in the year, but it still seems that they have a ways to go. I wasn't going to necessarily institute any new or additional policies within your accounting area until the audit was completed, but I think we need to make some changes prior to that, because I don't think we can go on much longer.

We are actually in the process in the Parks Department of -- we've got two new account clerks that are scheduled to beginning, I believe the date is November 10th, and we anticipate -- I don't know whether we have the request in yet, but we anticipate requesting a third account clerk to help in that situation. And I think there's a very good possibility that I might do some switching of responsibilities so that we can better handle that aspect of the department. Also, with the new improvements being made at Raynor Beach County Park in Lake

Ronkonkoma, as you know, we have approximately a million dollar improvement program going on over there. We're going to have bathrooms, fields, etcetera. And we did not request, although we mentioned it in the budget, we did not request any additional staff. But that is going to be an issue to deal with and that -- Budget

18

Review, after my consultation with them, put in two new positions and that would probably would be very helpful in the course of going into 2004.

Also they may comment about Park police Officers, which we have talked about in this forum as well as at the Park Committee about the legislation that was passed I believe in 1999 stating that for every additional 500 acres of parkland, we should have an additional Park Police Officer. I am happy to tell you today that on October 14th, I had the great occasion to swear in eight new Park Police Officers. So today, we are at -- we are at our full strength in terms of positions that we have open. And four of those Park Police Officers came out of the New York City Police Department, so they are going to be on the road fairly quickly. The other four have to go through the academy and probably won't be out and patrolling until most likely a year from now. But we are -- I'm very hopeful we can maintain that strength. But we do need -- there is no question that we can use additional Park Police Officers also.

Another area that Budget Review recommended was abolishing the Division of Sports and Recreation. And I think based on the legislation that was passed and what has happened in the division in the course of the last almost two years ago now, I think I would have to concur with what BRO is recommending. I think that a lot of what is being done is probably duplicative of what's going in some of the towns and/or villages as well as some of the school districts. And I think that the department does need so many other resources other than that. So I would have to say that I would concur with that.

And then just another point I would like to make. I think that this has come up in the past also. Budget Review Office does question the 477 funding and whether or not the organic maintenance program is a justifiable expense of those monies. And I just have to say that I strongly disagree with what they -- they are indicating. I think that it does -- it is a benefit, and I think that the only way that we can organically maintain these golf courses is with additional resources. Other than that, I'm available for questions.

CHAIRPERSON FIELDS:

I wanted to touch upon the rentals of parks properties. Have we increased any of the rentals yet?

COMMISSIONER GORDON:

No, we haven't, Legislator Fields. Christine Costigan I think made reference to the fact that we haven't done the appraisals yet. And it sounded to me that that money would be available in '04 for that to happen.

CHAIRPERSON FIELDS:

In my list -- listing of available properties that we rent out, I don't think I've every seen that we rent out buildings in the Flanders Park.

COMMISSIONER GORDON:

Are you talking about Smithers?

19

CHAIRPERSON FIELDS:

Uh-huh.

COMMISSIONER GORDON:

Actually we use Smithers for interns that come and work with us, specifically for the endangered species program in the summer time. We often get people from out of the area. We go and recruit at various colleges and we do get people from out of the area, and we use that building for those positions.

CHAIRPERSON FIELDS:

It's my understanding that there's a new renter going in there that's working with --

COMMISSIONER GORDON:

I'm not aware of that. I'm not aware of that. As far as I know, we have people in there who have been with us.

CHAIRPERSON FIELDS:

Okay. Maybe we can check that out.

COMMISSIONER GORDON:

Sure. I can check that out for you.

CHAIRPERSON FIELDS:

So the recommendation I guess would be that the appraisals are done and that we add the \$20,000 to the Division of Real Estate so we can increase those rentals. I'm just wondering though if it's not possible to raise the rentals without the appraisal since they are, even by laymen terms, lower than I think they would be anywhere else in the County. So would that be possible or would that take legislation to change?

COMMISSIONER GORDON:

Well, it would take legislation to change, yes.

CHAIRPERSON FIELDS:

When you asked before about the insecticide money --

COMMISSIONER GORDON:

Yes.

CHAIRPERSON FIELDS:

Can you take it out of the money that would be used to abolish the Division of Sports and Recreation Director?

COMMISSIONER GORDON:

I think we probably could do that, yes.

CHAIRPERSON FIELDS:

Okay. And do you -- do you feel that there's anything extra that you need?

COMMISSIONER GORDON:

Yes. There's always extra that we need.

20

CHAIRPERSON FIELDS:

If you had it to do all over again and the budget wasn't as dismal looking when you put together your plan, what would you change now? What would you request now?

COMMISSIONER GORDON:

I think I would probably --

CHAIRPERSON FIELDS:

Or forever hold your peace.

COMMISSIONER GORDON:

I would concur with the Office of Budget Review in terms of Park Police. I believe they -- they suggested an additional nine Park Police Officers. I would concur with that. I think we could use additional help in our accounting in terms of our revenue as well as overseeing the revenue that comes from our licensees. I would say an additional position in that area would be helpful as well. And I would -- actually in the parks operations, I think the area that I would -- because we do have a number of vacancies, if we could fill our vacancies, we would be in good shape. But I think one area that we are deficient is also in our parks maintenance area. And I think if we could -- if we could higher an additional three maintenance mechanics, one position, that that would be helpful.

CHAIRPERSON FIELDS:

Do you have any idea how much money we lost by closing the parks?

COMMISSIONER GORDON:

No. I can't quantify it for you, but in our review of revenue, that's something that I left out, I apologize. In the review of our revenue of -- for 2003, I think we feel that the biggest impact and why our revenue was so much lower this year was really weather related more than anything else. For the most part, the closing -- the curtailing of the camping program from seven days a week down to four days a week, for the most part, the camping activity that we have is over the -- the largest portion or when we're oversold is the holiday weeks as well as the weekends. And we don't really feel that the closings had as much of an impact as the horrible weather that we encountered. I just would like to make a comment about the revenue. I believe our revenue projection for this year was in the neighborhood of \$8 million. And as you know, we have pending legislation to increase that further, which I look forward to discussing with you next Thursday. That would be approximately an additional 320,000. And I think that that would help in terms of trying to fill the vacancies that we have existing in the budget.

CHAIRPERSON FIELDS:

Sean, do you have any idea how much we were -- that we lost by not having camping open and the parks open?

MR. CLANCY:

To be honest, no. We don't have any real activity that we can directly relate to the closing of the parks. But we concur with the Commissioner that it's both weather related and the closing as well as the West Nile Virus closings.

CHAIRPERSON FIELDS:

Judy, just one more question. Do you keep accounting lists of how many campers went to each park each year and how many days they stayed and -- do you have those broken down?

COMMISSIONER GORDON:

I'm not quite sure what you are asking.

CHAIRPERSON FIELDS:

In all of our parks that we utilize particular recreational endeavors, let's say it's camping or let's say it's -- I don't even know what else, do we have a listing somewhere broken down where Blydenburgh had so many campers for so many days, how long they stayed, broken down year by year?

COMMISSIONER GORDON:

Well, we have it broken down in terms camping, row boat rentals, hunting, you know other activities that we have.

CHAIRPERSON FIELDS:

But is that a whole amount?

COMMISSIONER GORDON:

It's a whole amount in terms of camping.

CHAIRPERSON FIELDS:

So you don't know per park.

COMMISSIONER GORDON:

No, we do. I can tell you what camping activities were at Blydenburgh for the year, yes. We can tell you that.

CHAIRPERSON FIELDS:

Okay. So that's kept on a regular routine. So you could compare --

COMMISSIONER GORDON:

Yes.

CHAIRPERSON FIELDS:

-- last year's camping fees of how many days and this year's camping fees of how many days?

COMMISSIONER GORDON:

I am a not sure about the days, but activity level. Okay. The number of camping events, let's put it that. Yes. We do keep track of that, and we could compare that from a couple of prior years. It's time consuming and labor intensive to do it, but it can be done.

CHAIRPERSON FIELDS:

So when the -- when the -- who checks them in actually when they drive through the gate and register to camp?

COMMISSIONER GORDON:

The camping attendants do.

22

CHAIRPERSON FIELDS:

And is that computerized or is that just on a --

COMMISSIONER GORDON:

Not everywhere. In some of the parks it is, but not everywhere.

CHAIRPERSON FIELDS:

Okay. Thank you.

COMMISSIONER GORDON:
You are welcome.

CHAIRPERSON FIELDS:
Does anyone have any other questions? Do you have any requests?
Okay. Then I will adjourn -- unless Budget Review has anything else
to add? Okay. Thank you.

(*THE MEETING WAS ADJOURNED AT 10:40 A.M.*)

{ } DENOTES BEING SPELLED PHONETICALLY